

TO: Mayor and Members of City Council

September 24, 2014

FROM: Harry Black, City Manager

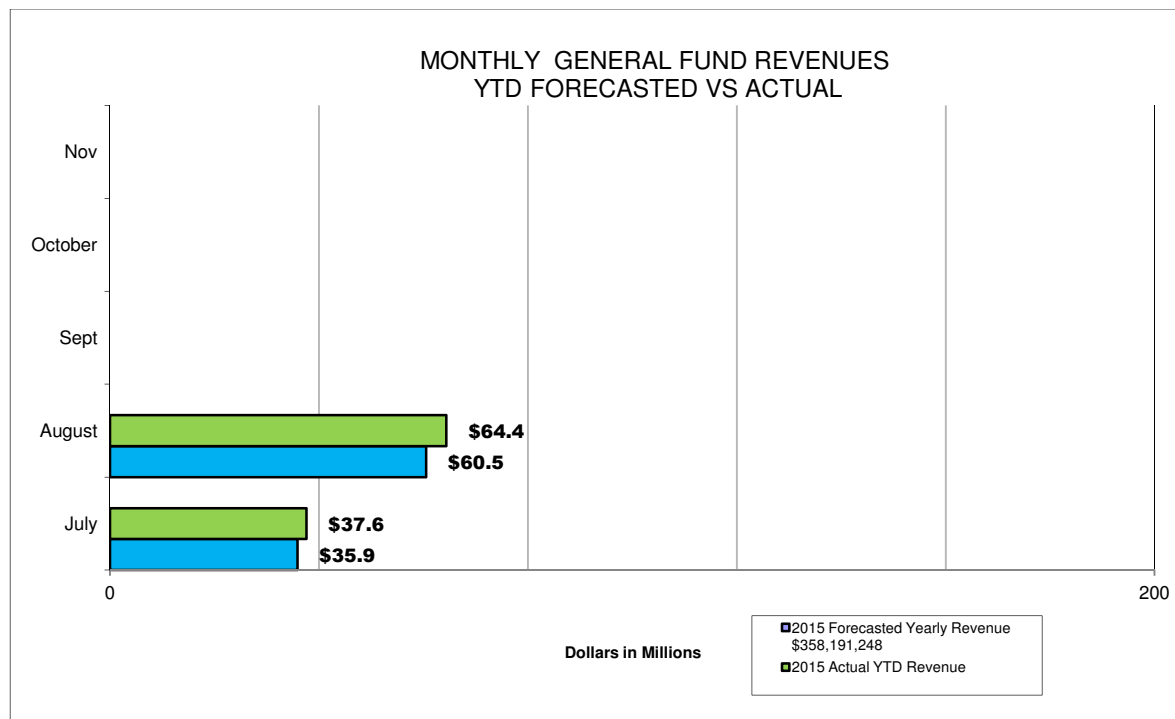
SUBJECT: Department of Finance Reports for the Month Ended August 31, 2014

**AUGUST 2014
MONTHLY FINANCIAL REPORTS**

The following report provides an update on the City of Cincinnati's financial condition as of the month ending August 31, 2014. This report represents the second report for the new 2015 fiscal year, ending June 30, 2015. Variances are based on current year estimates and not prior year activity.

A more detailed explanation of revenues and expenditures is attached for review, including reports comparing current year actual revenue vs. forecasted revenue and prior year actual revenue vs. current year actual revenue. Both of those reports are presented on a monthly and year to date basis.

The chart below portrays the performance of actual revenue collected against the forecasted revenue collected through August 31, 2014, and shows that actual revenues of \$64.4 million are ahead of forecasted revenues of \$60.5 million by \$3.9 million.



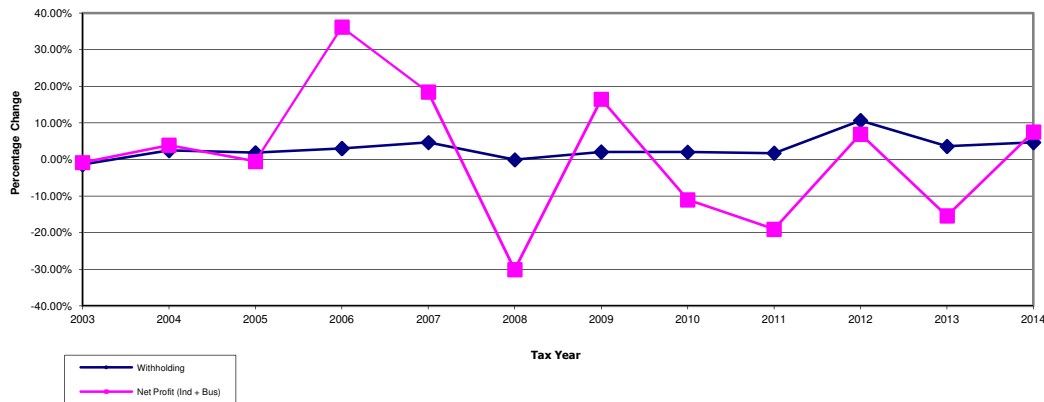
The major revenue components of the General Fund are listed in the table below. This table highlights the year to date variance (favorable and unfavorable) in General Fund revenue collections as compared to forecasted revenue collections. Each major category that differs significantly from forecasted collections will be discussed in further detail.

GENERAL FUND REVENUE SOURCES		
	FAVORABLE VARIANCE	(UNFAVORABLE) VARIANCE
General Property		\$ (2,971)
City Income	\$ 1,546,510	
Admissions Taxes	\$ 325,188	
Licenses & Permits	\$ 616,579	
Fines, Forfeitures, & Penalties		\$ (337,335)
Investment Income		
Local Government	\$ 32,995	
Estate Tax		
Police	\$ 302,453	
Fire	\$ 114,156	
Casino	\$ 36,647	
City Planning		\$ (100,815)
Other	\$ 1,329,014	
	<hr/>	<hr/>
	\$ 4,303,542	\$ (441,121)
Difference	\$ 3,862,421	

General Fund (favorable variance) is \$3.9 million above the amount forecasted thru August in the FY2015 budget. While the variance is favorable, this is the second month's report for the new fiscal year. What follows is an explanation of significant variances of individual General Fund revenue components.

Income Taxes (favorable variance) are \$1.5 million above the current fiscal year forecast. Employer withholdings are ahead of last year's collections by over 4.5%. Individual and business payments have increased from the prior year by 7.5%. We continue to see growth as a whole. We have engaged the services of our economic forecaster to work with us to project anticipated revenues through 2017. The tax component represents 72% of the total general fund percentage (up from 64% in 2012), as such we are constantly evaluating and watching for trends.

Net Profit vs Withholding



Admission Tax (favorable variance) is up \$325K. This revenue is slightly higher than the estimate. Since this is only the second monthly report of the fiscal year it is too early to draw any trends.

License & Permits (favorable variance) is up \$617K. At the mid calendar year point, license and permits have remained strong, largely due to the large building expansions occurring in uptown Cincinnati.

Fire (favorable variance) is up \$114K. EMS revenues outpaced our estimates for all of FY2014. Based on these results, the FY2015 estimate was increased by \$250k. We anticipate EMS revenue to remain on target for the year.

Estate Taxes – The estate tax is no longer in effect for deaths after 12/31/2012. Because of the repeal, no monies were anticipated for FY2015 and therefore nothing was budgeted. Within the past month, we were notified that we will be receiving monies from estates that were opened in 2012. Within 60 days we anticipate receiving \$1.4 million.

Casino Taxes (favorable variance) is up \$37K. The Ohio gaming industry is oversaturated and underperforming almost all anticipated projections. For FY2014 we took a conservative approach to our estimate, which proved to not have been conservative enough. For FY2015 we reduced the estimate by \$2 million to \$8.0 million. We will continue to monitor this industry and report any new developments as warranted.

Other (favorable variance) is up \$1.3 million. Prior year reimbursements of Fire grants continued to be processed.

Restricted Funds:

Water Works Fund (unfavorable variance) is down \$1.2 million. Water Works missed their revenues estimates for FY2014. As a result of lighter demand for water, the overall revenue target for FY 2015 was reduced by \$2 million by the Joint Utility. We have been told that the utility still intends to hit their revenue projections. We will evaluate the first quarter results at the end of September and present those conclusions in September's revenue report.

Parking Facilities (favorable variance) is up \$55K. Revenues reflect an increase from the Pogue's garage revenues that are now included in the fund and are being used in the operations of the garage until the new development of the site begins.

Convention Center (favorable variance) is up \$380K. The Duke Energy Center is on target for the FY2015 projections.

Municipal Golf (unfavorable variance) is down \$94K. The unfavorable variance is a change from the prior month. A clearly picture should develop for golf in the next several months. We will continue to assess the revenues and report accordingly.

Submitted herewith are the following Department of Finance reports:

1. Comparative Statement of Revenue and Expenditures (Actual, Forecast and Prior Year) as of August 31, 2014.
2. Graph as of August 31, 2014 presenting the General Fund's Revenue, Expenditures and Encumbrances.
3. July 31, 2014 monthly audit report of the accounts of the City Treasurer and the City Treasurer's Monthly Cash Reconciliation Report of July 31, 2014.
4. Statement of Balances in the various funds as of August 31, 2014.

By approval of this report, City Council appropriates the revenues received in the various restricted funds on the attached Statement of Balances and as stated in greater detail on the records maintained by the Department of Finance, Division of Accounts & Audits. Such revenues are to be expended in accordance with the purposes for which the funds were established.

c: Reginald Zeno, Director of Finance